

# What's Up In Withholding



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## The Importance of Filing Returns Issued by the Kentucky Revenue Cabinet

Forms K-3 and K-3E, Kentucky Employer's Return of Income Tax Withheld, issued by the Kentucky Revenue Cabinet (KRC), contain



preprinted coding information used in the processing of the returns. Employers are required to file the preprinted **original** returns. KRC adheres to a strict policy of not issuing blank

returns. If returns are misplaced or not received at least 10 days before the due date, contact the Withholding Tax Section by phone (502) 564-7287, by Web address at <http://revenue.state.ky.us>, or by fax (502) 564-2041 to request another return. When contacting KRC, include a name and phone number.

## Annual Reconciliation Section of Form K-3 and K-3E

Employers must complete the Annual Reconciliation Section of Form K-3 or K-3E. This section, located on the back of the form, allows employers to reconcile wages paid and tax withheld from employees to the amounts reported on wage and tax statements. If the account does not reconcile with the amounts reported on the wage and tax statements, an adjustment on line 4 of Form K-3 or line 2 of Form K-3E may be necessary. You must also provide an explanation of adjustments in the box on the back of the return. Refer to the instructions regarding calculation of any penalty and interest if the account is underpaid for the year.



## Methods of Submitting Wage and Tax Statements to Kentucky Revenue Cabinet

**Paper Copies**—KRC's copy of Wage and Tax Statements (Form K-2).

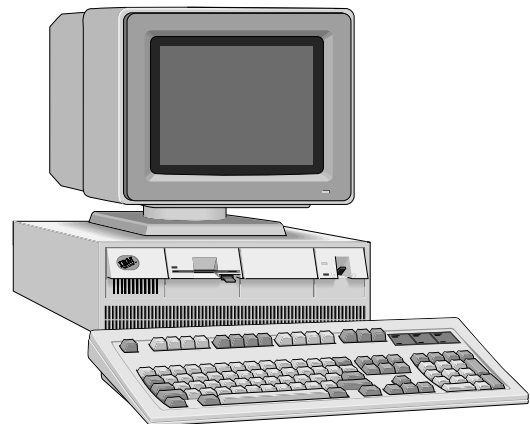
**Magnetic Media**—Employers with 250 or more employees are required to file wage and tax statements on magnetic media. For 2001, KRC accepts the MMREF-1 specifications only. TIB-4 is no longer accepted. These specifications are available on KRC's Web site. Employers with less than 250 Form K-2s are encouraged, but not required, to utilize magnetic media filing.

**FTP**—File Transfer Protocol (FTP) is a software program provided to the employer (at no cost) by KRC. For information regarding participation in this method of electronic reporting, log on to KRC's Web site.



Each of the options listed above must adhere to the filing specifications set by KRC. For complete instructions of each method refer to the Kentucky withholding tax booklet or log on to KRC's Web site at <http://revenue.state.ky.us/publications.htm>.

All options (except FTP) require wage and tax information to be submitted with a Transmitter Report for Filing Kentucky Wage Statements (Form 42A806) to KRC by January 31.



## Employee GED Incentives and Employer Tax Credits

A new effort to promote general educational development (GED) diploma has direct benefits for Kentucky employers and the commonwealth's workforce.

In a program administered by the Department for Adult Education and Literacy, an agency of the Cabinet for Workforce Development, Kentucky employers can earn a tax credit of up to \$1,250 by allowing employees release time to study for the GED.

At the same time, employees can earn a tuition discount at Kentucky colleges and universities.

Here's how it works:

- The employer, employee, and the local adult education provider sign a contract to participate in the program.
- The employee agrees to spend at least five hours per week studying for the GED test. The employer agrees to allow the employee a minimum of five hours per week paid release time to study for the test.
- When the employee completes the contract and earns a GED, he or she is eligible for a tuition discount at Kentucky public postsecondary institutions. The \$250 discount is available for a maximum of four semesters.

- The employer files for the tax credit in the year the employee completes the program. The maximum credit is \$1,250 per employee.

"The tax credit is not the only benefit an employer derives from participating in this effort," said Cabinet for Workforce Development Secretary Allen D. Rose. "Employers will also realize a gain because their workforce will be better educated, more productive, and more adaptable."

"Obviously, individuals who pursue their GED are creating better job and educational opportunities for themselves," he said. "At the same time, all of us benefit from a better educated citizenry and workforce."

For more information, contact Dr. B.J. Helton, Department for Adult Education and Literacy, Third Floor, Capital Plaza Tower, 500 Mero St., Frankfort, KY 40601. Her e-mail address is [brendaj.helton@mail.state.ky.us](mailto:brendaj.helton@mail.state.ky.us). She can be reached by phone at (502) 564-5114, ext. 153.

